



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

June 30, 2016

The Honorable John Allen, Chair
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair
Joint Legislative Audit Committee

Dear Representative Allen and Senator Burges:

Our Office has recently completed a 12-month followup of the Scottsdale Unified School District's implementation status for the 9 audit recommendations presented in the performance audit report released in May 2015. As the enclosed grid indicates:

- 4 recommendations have been implemented, and
- 5 recommendations are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the District on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Vicki Hanson
Director, Division of School Audits

VH: lc
Enclosure

cc: Dr. Denise Birdwell, Interim Superintendent
Governing Board
Scottsdale Unified School District

SCOTTSDALE UNIFIED SCHOOL DISTRICT
Auditor General Performance Audit Report Issued May 2015
12-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District had higher administrative costs, inaccurately reported its costs, and needs to strengthen computer controls	
1. The District should evaluate its administrative positions and the related duties and salaries to determine how it can reduce administrative costs.	<p>Implementation in process District officials stated that some administrative positions had been eliminated since the audit year, and based on auditors' review of fiscal year 2015 accounting records, the District's per pupil administrative costs in fiscal year 2015 were only 2 percent higher than peer districts', much closer than the 11 percent difference identified in the audit year. However, according to district officials, some of the eliminated administrative positions were restored in fiscal year 2016, and the District made additional organizational changes throughout the year. Therefore, during the 18-month followup, auditors will review the District's final fiscal year 2016 administrative costs, as well as any further changes the District makes for fiscal year 2017.</p>
2. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	<p>Implementation in process Auditors reviewed the District's fiscal year 2016 year-to-date accounting records and determined that the District has begun correctly classifying transactions that had been identified during the audit as being misclassified. Auditors will review the District's classifications of transactions during the 18-month followup when final and complete fiscal year 2016 accounting records are available.</p>
3. The District should eliminate or disable generic user accounts in its accounting and student information systems.	<p>Implemented at 6 months</p>
4. The District should ensure that it promptly removes terminated employees' IT systems access.	<p>Implemented at 6 months</p>
5. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	<p>Implemented at 12 months</p>

Recommendation**Status/Additional Explanation****FINDING 2: District should continue to review options to address its excess building capacity**

1. The District should continue to review its building capacity usage to evaluate how it can reduce its excess building space.

Implementation in process

Although the District has not yet made changes that have substantially impacted its building capacity usage, district officials reported that they are continuing to review building space and utilization. Auditors will review this recommendation again during the 18-month followup.

FINDING 3: High transportation costs and some records could be improved

1. The District should closely review its bus routes to determine how it can improve its route efficiency.

Implementation in process

The District has eliminated some bus stops, bus routes, and bus driver positions. However, its costs per mile and per rider remained higher than peer districts' in fiscal year 2015, indicating a need for additional improvements. District officials stated that they are continuing to review and improve the bus routes. Auditors will review the District's efforts to improve the efficiency of its bus routes again during future followups.

2. The District should develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage to help evaluate and improve the efficiency of its transportation program.

Implementation in process

The District now collects some of the information needed to calculate performance measures but has not yet calculated or used such measures to evaluate its program. District officials stated that they plan to begin calculating and using the measures during fiscal year 2017. Auditors will review this recommendation again during the 18-month followup.

3. The District should improve its records summarizing the number of transportation miles and riders reported.

Implemented at 12 months